

Statement of Considerations

**REQUEST BY HONEYWELL INTERNATIONAL, INC. FOR AN
ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN
SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER UT-
BATTELLE, LLC SUBCONTRACT NO. 4000015922 UNDER PRIME
CONTRACT NO. DE-AC05-00OR22725; DOE WAIVER DOCKET W(A)-
2003-018 [ORO-779]**

Honeywell International, Inc. (Honeywell) has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under UT-Battelle, LLC Subcontract No. 4000015922, entitled, "Phased Sensor Feasibility Demonstration" under UT-Battelle Prime Contract No. DE-AC05-00OR22725. The scope of work involves a bench-top feasibility study of a portfolio of inventions describing a concentration-enhancing micro-gas analyzer, based on gas chromatography principles. The inventions were conceived prior to the execution of the subcontract and will be reduced to practice in the course of the subcontract. Included in the portfolio are at least two enabling design patent applications: PHASED II Sensor with Porous GC Film, Variable Heater Geometry [S-102,022], and PHASED IIA Integrated Components [S-102,023]. For the purposes of this waiver, these two inventions are deemed to be Subject Inventions pursuant to 10 CFR § 784.11(d). The portfolio describes a concentration-enhancing micro-gas analyzer, based on gas chromatography principles. The work is sponsored by the Office of Industrial Technologies, in the Office Energy Efficiency and Renewable Energy.

The dollar amount of the subcontract is \$350,000. There is no cost-share involved in this subcontract; however, there is also no fee. Pursuant to 10 CFR § 784.11(a)(2), Honeywell has conducted specific ongoing privately-sponsored research related to the Subject Inventions and will utilize the monies of the subcontract to reduce the Subject Inventions to practice. The period of performance is approximately 10 months.

Although the above subcontract has no cost-sharing by Honeywell, Honeywell is currently in the process of negotiating the terms of a DOE contract for Honeywell's proposal entitled, "Microanalytics for Process Control Solutions," which has a 50% cost-sharing requirement. According to Honeywell, "[t]his \$9-10M program will be a further development of these same technologies and will have a substantial investment on the part of Honeywell." Because of this, the 50% cost-sharing feature of the contract currently being negotiated should be considered here.

Honeywell's experience and expertise will contribute substantially to the development of the inventions made under the subcontract. Honeywell manufactures and sells many different types of MEMS-based sensors and systems, including commercialized pressure sensors, magnetic sensors, thermal conductivity sensors, and VCSELS products, to numerous nongovernmental customers. Furthermore, Honeywell has invested significantly in preparation for the development and commercialization of Phased Sensors, including approximately \$400,000 over a period of four years prior to execution of the subcontract to specifically develop the PHASED background technology which was used in the generation of mask sets and drive electronics for the subcontract. This investment on the part of Honeywell further justifies approval of the advance waiver, pursuant to 10 CFR § 784.11(a)(4). Further details regarding Honeywell's efforts to develop this technology and bring the technology to market are set forth in Honeywell's waiver petition.

Honeywell has agreed to accept the attached DOE waiver terms and conditions if the requested waiver is granted. Specifically, Honeywell agrees to abide by the conditions set forth at 35 U.S.C. § 202-204 relating to the Government license, march-in rights,

preference for U.S. industry, as well as U.S. Competitiveness. A minor modification was made to paragraph c(3) allowing filing of foreign applications within 12 months of the corresponding initial application in order to be consistent with Honeywell's corporate practice.

Honeywell agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless Honeywell can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. Honeywell further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should Honeywell or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

Granting of the requested waiver should have little effect on competition and market concentration. The technology has not been commercially demonstrated and must compete with already existing technologies.

Granting of the requested waiver should serve as encouragement to other DOE subcontractors that specific ongoing privately-sponsored research (see 10 CFR § 784.11(a)(2)), and substantial equities of the contractor (see 10 CFR § 784.11(a)(4)), will be recognized as acceptable consideration for granting greater rights in Subject Inventions.

Grant of this advanced waiver is specifically conditioned on a 50% cost-sharing requirement for the DOE-Honeywell contract proposal entitled, "Microanalytics for Process Control Solutions." If this 50% cost-sharing requirement is not met, then this advanced waiver is, at DOE's discretion, void, and title to any inventions made under this advanced waiver reverts, at DOE's discretion, to DOE. In the event the 50% cost-sharing requirement is not met, Honeywell will be given an opportunity to explain why title in the Subject Inventions [S-102,022] and [S-102,023] should not revert to DOE.

In view of the acceptable level of privately-sponsored research by Honeywell and the objectives and considerations set forth in 10 CFR § 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide patent rights in subject inventions be granted.


Esther L. Roberts
Patent Attorney

Date October 16, 2003

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:

APPROVAL:

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10/23/03
Date

10-28-03
Date